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Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saiha

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The meeting was called to order at 10 a.m.

Agenda item 131: United Nations common system *(continued)* (A/60/30 and A/60/209)

Agenda item 124: Proposed programme budget for the biennium 2006-2007 *(continued)*

Agenda item 131: United Nations common system *(continued)*

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2005 (continued) (A/60/7/Add.3 and A/60/421)

1. **Ms. Soni** (Canada), speaking also on behalf of Australia and New Zealand, said that human resources policies and management were at the heart of efforts to improve the performance of United Nations system organizations. The International Civil Service Commission (ICSC) should play an important role in the development of modern human resources practices and of conditions of service that responded to organizational requirements and to the diversity of operating environments.

2. The launching of the review of the pay and benefits system at the Commission's fifty-seventh session had been a timely step. The pilot study on broadbanding/reward for contribution would help to strengthen performance-based human resources management. The delegations for which she spoke looked forward to receiving clarification of the concerns raised by the volunteer organizations about the study design and to learning whether changes were needed to ensure relevant and applicable results.

3. With regard to the mobility and hardship scheme, the decisions to separate the mobility element from the hardship element and to delink both the mobility and hardship allowances from the base/floor salary scale were welcome. It would be interesting to know how a balance had been struck between the two elements and how the Commission would assess the effectiveness of the allowances as incentives. Noting that payments would be reviewed every three years, she asked whether the Commission intended to adjust the allowances in the light of salary movements.

4. While the three delegations appreciated the Commission's efforts to modernize and simplify allowances, they noted with concern that it had failed to respond to the General Assembly's request in resolution 59/268 to inform it which entities were used as comparators for determining entitlements such as leave and allowances and whether it would be feasible to apply as a point of departure the practices of the civil service of the country used as a comparator for salary purposes, the United States of America. The relevant information should be provided without delay, so that the Assembly could take informed decisions on those matters.

5. Given the growth of field operations and the increasingly integrated engagement of United Nations entities in complex peace operations, there was a need for a coherent approach to the issue of entitlements of internationally recruited staff serving at non-family duty stations. The efforts made by organizations to harmonize practices in that area were welcome. However, the Commission, too, must play a role in defining a global common system approach.

6. It had been proposed that, in the light of the evolution of the United Nations/United States net remuneration margin, salaries of staff in the Professional and higher categories should be increased with a view to closing the gap over time. In that connection, she noted that the German and Swiss civil services, which had been considered among the most generous in the world and which had been studied as possible replacements for the United States federal civil service as the comparator, had restricted the benefits they offered, linked salary increases to performance, lengthened working hours and reduced or capped pensions.

7. While the three delegations did not object to the Commission's proposals on contractual arrangements, they would seek further information in informal consultations on the link between type of contract and entitlements and on the application of the new framework of guidelines to appointments of limited duration, in peacekeeping operations, for example.

8. Lastly, she pointed out that the General Assembly had yet to take action on the report of the Panel on the Strengthening of the International Civil Service (A/59/153). However, at a time when the Assembly was re-examining all features of the Organization's system of governance with a view to making them

more effective, accountable and transparent, the Panel's recommendations on the qualifications, selection and term of office of members of the Commission were more pertinent than ever.

9. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that an effective and efficient international civil service was essential for the success of all the participating organizations of the common system. United Nations staff must therefore be provided with the best conditions of service, so as to ensure optimum performance. In that regard, the Group appreciated the work of ICSC, which played a vital role in the management of human resources.

10. With regard to the review of the pay and benefits system, the Group looked forward to considering the annual updates on the pilot study on broadbanding reward for contribution, which should indicate whether the goals envisaged were being achieved, what enhancements might be required and how broadbanding reward for contribution was affecting staff morale in the volunteer organizations. In that connection, it was important to have genuine consultations with staff. The Group agreed that any deviation from the modalities for the conduct of the study would require the Commission's prior approval.

11. The Group welcomed the Commission's decision to modernize and simplify allowances, while ensuring equity and transparency. The changes contemplated would reduce administrative costs and improve efficiency. The distinction in remuneration between staff with and without primary dependants should be maintained, as should the current ratios between the single and dependency rates of the base/floor salary scale. The Group had taken note of the Commission's decisions on the mobility hardship, non-removal and assignment grant schemes and its definition of new criteria for the application of hazard pay and would seek further information on those matters in informal consultations.

12. The Group appreciated the Commission's efforts to rationalize contractual arrangements. In that connection, it wished to emphasize the importance of job security for ensuring the impartiality, independence and integrity of staff.

13. With regard to the note by the Secretary-General on the Senior Management Network (A/60/209), the Group would require further clarification of the role of the Network in strengthening management capabilities across the United Nations system, its functioning in relation to other senior management structures established in the context of the reform process, and the criteria for the inclusion of staff in the Network.

14. **Mr. Torres Lépori** (Argentina), speaking on behalf of the Rio Group, said that the Group wished to reaffirm the importance of the United Nations common system and the fundamental role played by ICSC in regulating and coordinating conditions of service in the participating organizations. It appreciated the Commission's efforts to address the proliferation of contractual arrangements; the proposed framework of guidelines was consistent, while giving organizations sufficient flexibility to recruit staff. The Group also welcomed the Commission's decisions on hazard pay, including the expansion of the criteria for payment. It noted with interest the proposed changes in the application of the mobility and hardship scheme and would follow closely the review of the methodology for determining the level of the education grant.

15. In considering the remuneration of United Nations officials, the Commission should bear in mind the need to attract the most qualified staff by providing the best conditions of service, in accordance with the Noblemaire principle.

16. Lastly, the Group wished to underscore that it could not accept any measure that might infringe on the independence of ICSC.

17. **Mr. Shen** Yanjie (China) welcomed the progress made by the organizations participating in the pilot study on broadbanding, which illustrated the will of the executive heads of the organizations in question to improve the existing pay and benefits system and enhance performance. However, the test modalities should remain strictly in line with the direction agreed by the General Assembly and the International Civil Service Commission (ICSC) and accordingly, to ensure that the study yielded reasonable results, any deviation from those modalities would require the Commission's prior approval. The tests should also incorporate scientific and rational performance appraisal criteria, which would reflect the spirit of performance management and facilitate the implementation of the pay-for-performance system. The Commission should strengthen its communications with the participating organizations and other interested parties in order to provide the necessary policy guidance and should also

conduct a review of the experience for further consideration by the General Assembly.

18. With regard to contractual arrangements, the ICSC report contained a framework of guidelines for the introduction of three categories of appointments (continuing, fixed-term and temporary). In order to enhance performance, increase efficiency, maintain the vitality of the workforce and meet the Organization's operational needs, continuing appointments should gradually replace permanent contracts. Care should be taken, however, to ensure that they did not become de facto permanent contracts and, accordingly, they should be subject to periodic review on the basis of clearly defined criteria which took account, inter alia, of whether performance expectations had been met and whether the relevant standards of conduct had been upheld. In addition, continuing appointments should have a high threshold in terms of years of service. However, in order to enhance managerial flexibility, the Chinese delegation welcomed the expanded use of fixed-term contracts.

19. With regard to the redesignation of the Senior Management Service as the Senior Management Network, China welcomed the efforts of the United Nations System Chief Executives Board for Coordination to take proactive measures to enhance managerial and governance capacity and strengthen system-wide unity and synergy. However, the introduction of leadership and managerial development tools should proceed within existing resources and should not lead to requests for additional posts or budgetary allocations.

20. He had studied carefully the report of the Panel on the Strengthening of the International Civil Service (A/59/153) and was concerned that the Panel had made policy recommendations which fell outside the scope of its mandate. ICSC was an independent body and, as such, played a key role in defining and coordinating the conditions of service of staff in the common system. However, the General Assembly and the administrative heads of the agencies were also involved in efforts to modernize human resources management and, accordingly, ICSC must further enhance its communication and coordination with them so that, together, they could better respond to the challenges faced by the common system.

21. **Mr. Kovalenko** (Russian Federation) said that the Commission was to be commended for the considerable work it had done in examining issues related to human resources management reform and for its review of the pay and benefits system. With regard to the pilot study on broadbanding reward for contribution, his delegation was concerned about the lack of an adequate performance appraisal system and about the possible financial implications of introducing performance-related pay. Before the General Assembly took any decision on the matter, the Commission must demonstrate that the new system of remuneration would result in improved performance and be more effective than the existing one. Any such system could be effective only if it was combined with more flexible contractual arrangements and greater delegation of authority to managers, including with respect to hiring and firing.

22. His delegation welcomed the new mobility and hardship schemes and, in particular, the Commission's decision to delink the mobility and hardship allowances from the base/floor salary scale. It noted with satisfaction that, under the new arrangements, payments for service in hardship locations would be increased, while the mobility and non-removal allowances would be cut, and that those changes would be introduced on a cost-neutral basis. At the same time, it had serious concerns about the Commission's recommendation that implementation of the new arrangements should be deferred to 1 July 2006. Presumably, payments under the old system would be automatically increased on 1 January 2006, in line with the proposed upward adjustment of the base/floor salary scale. The amounts would then have to be reviewed when the new system was introduced; that could lead to claims by staff members that their acquired rights were being infringed. Moreover, should the General Assembly approve the Secretary-General's proposals with respect to mandatory mobility, the continued payment of mobility allowance would no longer be justified.

23. With regard to the proposed upward adjustment of the base/floor salary scale, he noted that the Advisory Committee had requested the Administration to demonstrate whether such an adjustment, when implemented through the method of consolidating post adjustment multiplier points, would actually involve no additional cost for the United Nations. He trusted that the Advisory Committee would clarify its concerns in that regard in informal consultations.

24. The Commission had agreed with the rationale for maintaining two separate regimes with respect to entitlements of internationally recruited staff serving in non-family duty stations. It was to be hoped that that would put an end to the discussion of the possibility of providing a more generous package of benefits, along the lines of that offered by the United Nations funds and programmes, to military and police personnel and civilian staff serving in peacekeeping operations. At the same time, the Commission should keep under review the entitlements of staff of funds and programmes serving in the field, so as to bring any unjustified increase to the attention of the General Assembly.

25. His delegation had noted the Commission's intention to continue its review of the methodology for determining the level of the education grant and to pursue its consideration of job evaluation standards for the General Service and related categories. The Commission should also follow closely the activities of the Senior Management Network with a view to alerting the General Assembly in a timely manner should the Network deviate from its terms of reference, as set out in paragraph 6 of document A/60/269. His delegation considered that the objectives listed in that paragraph could have been achieved without creating a network for that purpose. Moreover, it was concerned that the new mechanism would use up a significant portion of the already limited training budgets of participating organizations.

26. Lastly, in considering the report of the Panel on the Strengthening of the International Civil Service (A/59/153), his delegation would be guided by its desire for a stronger ICSC and by the need to reaffirm the decisive role of Member States in appointing the Commission's members and to maintain the existing tripartite consultation process.

27. **Mr. Yamamoto** (Japan) said that his delegation had always fully supported the common system, which not only enabled each participating organization to avoid burdensome administrative arrangements but also ensured equal and consistent conditions of service, thereby eliminating unnecessary competition.

28. Japan welcomed the ongoing efforts to implement the pilot study on broadbanding pay for performance and expressed general support for the introduction of those initiatives as a means of ensuring that the pay and benefits system reflected staff performance. In that connection, a fair and reliable performance appraisal system was indispensable and measures to prevent soaring personnel costs were also required. Although ICSC had decided to maintain the distinction in remuneration between staff with and without primary dependants, the issue of spouse benefits should be addressed in the context of the introduction of broadbanding and pay for performance. Japan also welcomed the Commission's decisions on the mobility and hardship allowance and contractual arrangements.

29. Lastly, while ICSC had endorsed the proposed change from mission subsistence allowance to the after-60-day daily subsistence allowance rate as the basis for calculating the special operations living allowance under the special operations approach, his delegation had concerns about that proposal. Mission subsistence allowance rates were subject to reductions to reflect accommodations and/or food provided by the Organization, a fact that should be taken fully into consideration when addressing the issue. Japan would like further clarification on that question during informal consultations.

30. **Mr. Debabeche** (Algeria) said that ICSC played a valuable role by promoting the effective use of resources in the United Nations. At a time when ethical issues were being discussed in the context of the reform programme, his delegation hoped that the Commission would be involved closely in that aspect of the reform.

31. **Ms. Udo** (Nigeria) said that at the 9th meeting the representative of the Federation of International Civil Servants' Associations (FICSA) had made a number of statements on which her delegation would welcome clarification.

32. For example, he had said that the staff stood and watched as bystanders rather than as active participants in the process of reforming the United Nations system, and also that, as a result of developments in recent years, the conditions of staff had been scrutinized and their abilities and dedication questioned, and that there had been a clear drift away from the principles underlying a true international civil service. Finally, he had mentioned the crucial issue of staff security, referring to two goals that still remained to be fulfilled in order achieve a viable and strong unified security management system.

33. In conclusion, she said that her delegation was pleased to note that FICSA was collaborating with

ICSC and that its views had been taken into account in the report, even if only in abridged form as a result of limitations on the length of documents.

34. **The Chairman** reminded the Committee of the provisions of paragraph 5 of resolution 35/213 in which the General Assembly had noted that, if questions were posed by members of the Fifth Committee in response to statements made by a representative of FICSA, they could be answered in writing by the representative of the Association in a single supplementary document submitted through the Secretary-General. On that basis, the delegation of Nigeria could expect to receive the response from FICSA through the appropriate channels.

35. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission), responding to representatives who had expressed concerns or asked questions on the Commission's report (A/60/30), said that the views expressed would, as always, be treated with great attention by the Commission.

36. Some delegations had expressed concern about the pilot study of broadbanding reward for contribution, which they considered to be a deviation from the parameters set earlier by the Commission. In reply, he said that the modalities that had been submitted by the Commission in its report to the General Assembly in 2004 for the conduct of the pilot study had been developed over time with the full participation of representatives of the organizations and staff and had been agreed to by all parties. The problem that had arisen was that one organization was seeking to broaden the modalities to meet certain organizational requirements. It had informed the Commission of those needs and, insofar as they did not depart from the framework, the Commission was prepared to consider that organization's request. He emphasized that the Commission had closely monitored the progress of the pilot study in the participating organizations and that it adhered to the agreed modalities and to the provisions of General Assembly resolution 59/268.

37. With regard to contractual arrangements, the question had been asked whether standard separation procedures currently applied to staff on fixed-term contracts and, if that were not the case, what would be the additional cost and the rationale for adopting such procedures. In reply he said that, according to current practice, standard separation procedures applied across all organizations in the United Nations system for staff on fixed-term contracts, as defined in the framework developed by the Commission. The framework addressed normal separation procedures and the Commission did not foresee that additional costs would be generated as a result of implementing them.

38. Concern had been expressed about the proposed implementation date of 1 July 2006 for the new mobility and hardship arrangements. Clarification had also been sought on the financial and legal implications resulting from the choice of date. He explained that the proposed implementation date of 1 July 2006 had been set in response to a plea from organizations indicating that it would not be feasible to begin implementation on 1 January 2006 because of the difficulties associated with the reprogramming of the organizations' payroll systems following the approval by the General Assembly. As indicated in the Commission's report, the financial implications would be $1.19 million. Should the General Assembly endorse an implementation date of 1 July 2006 for the mobility and hardship arrangements, and an implementation date of 1 January 2006 for increasing the base floor salary scale, the Commission did not foresee any legal implications with regard to the new arrangements.

39. In response to a request for clarification on the rationale for not distinguishing headquarters duty stations from other stations, he pointed out that the purpose of the mobility and hardship payments was to compensate for service at difficult duty stations and to encourage mobility. Under the current scheme conditions were established for mobility payments to staff moving to headquarters duty stations that were more stringent than conditions defined for staff mobility in the field. By developing the arrangement on that premise, and noting that any movement presented difficulties for the staff member, the working group had agreed that mobility payments should be continued for all duty stations. While accepting the recommendation of the working group, the Commission intended to revisit the issue at the time of the next review. The proposal before the Committee was the result of cooperation and compromise. The Commission was convinced that the new arrangements, which were cost neutral, were a more appropriate reflection of the concerns of the General Assembly in that automatic increases in entitlements were no longer triggered by base floor salary increases, and clea

indicators for review would apply in future. The Commission would pragmatically review the arrangements at the appointed time and would report regularly to the General Assembly. Noting with appreciation the support of Member States for the cooperative efforts of the working group in arriving at a consensus on mobility and hardship payments, he said that the use of a working group was not a new departure; the Commission had used such groups for many years in order to tackle complex and sensitive issues on its work programme and it intended to continue that practice, subject to budgetary constraints.

40. The Commission would continue to pursue the grade equivalency studies between the United Nations common system and its comparator and would report to the General Assembly at its sixty-first session.

41. The scope for compliance in the future with the request for more substance in the report on implementation by organizations would be explored in the light of the constraints imposed in the interest of streamlined reporting.

42. It had been stated that the Commission had not replied to one request by the General Assembly concerning the entities that were taken as comparators for purposes of entitlements and allowances. He assured the Committee that a reply had been provided and that the details were contained in a substantial document which would be made available to any delegation interested in receiving the full details.

43. In conclusion, he said that the Commission had difficulty reporting within the document limitation imposed by the General Assembly and that, consequently, many details had been omitted. However, detailed replies could be provided to any questions whether in the informals or otherwise. In that connection, he apologized for the fact that the supporting documentation would be in English only.

Agenda item 132: Report of the Secretary-General on the activities of the Office of Internal Oversight Services *(continued)*

Implementation of the recommendations of the Office of Internal Oversight Services on the management audit of the regional commissions (continued) (A/60/378)

44. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that the regional commissions had significant responsibilities in the area of promoting the Organization's development agenda. They represented the first point of contact between the United Nations and its global constituency and had, in addition, been entrusted with following up the implementation of the Millennium Development Goals and the outcomes of major conferences. The Group of 77 and China therefore welcomed the commissions' efforts to align their programmes of work and structures with those additional mandates, while recognizing that each commission operated in a different economic and institutional environment. It also stressed the valuable support lent by the commissions to various regional initiatives.

45. She acknowledged the importance of efficient and effective management practices and welcomed the fact that most of the recommendations of the Office of Internal Oversight Services (OIOS) had been implemented or would be under implementation in 2006. She also commended the regional commissions for their efforts to streamline their structures and functions. However, the Secretary-General must ensure that the Secretariat provided the necessary support to the regional commissions. A coordinated approach was essential to the implementation of the comprehensive communication strategy and the reduction of the ongoing high vacancy rates. Without adequate engagement, interaction and coordination between Headquarters and the commissions, the collective efforts to support the Organization's development agenda might be compromised.

46. Lastly, while the commissions must utilize their resources in the most effective manner, Member States had a collective responsibility to provide them with adequate funds. It would be unrealistic to expect them to depend on extrabudgetary resources for the implementation of core mandates.

47. **Mr. Yoo** Dae-jong (Republic of Korea) noted that the level of implementation of the OIOS recommendations varied from commission to commission. The executive secretaries must therefore play a more proactive role in ensuring that audit recommendations were implemented. The report in document A/60/378 should have given more specific and detailed information on the implementation status of the recommendations and, where possible, statistics on implementation levels. Lastly, a theme common to most of the recommendations was the need to avoid duplication, strengthen coordination and share best practices. Accordingly, consideration should be given

to developing a more systematic mechanism for consultation among all the commissions.

48. **Mr. Rahman** (Acting Chief of the Regional Commissions New York Office) said that he had taken note of the views expressed by delegations. As he had pointed out in his introductory statement (AC.5/60/SR.8), some of the OIOS recommendations had been implemented and others were under implementation. The chiefs of programme planning of the regional commissions met annually to discuss oversight recommendations and ensure that they were followed up in an appropriate manner. Those meetings also served as a forum for exchanging experiences and best practices. At their most recent meeting in Beirut, the chiefs had decided to establish two working groups to oversee the implementation of specific recommendations. One working group, to be chaired by the Economic and Social Commission for Asia and the Pacific (ESCAP), was responsible for the recommendation on self-evaluations (recommendation 5) and the other working group, to be chaired by the Economic Commission for Latin America and the Caribbean (ECLAC), was responsible for the recommendation on publications (recommendation 9). The groups were due to complete their work by the end of 2006 and it was hoped that the relevant recommendations would be fully implemented by that time. In addition, an Internet bulletin board had been set up to facilitate the exchange of information among the regional commissions.

49. In response to the remarks made by the representative of Jamaica, he said that, despite their best fund-raising efforts, the regional commissions had access to very limited extrabudgetary resources. Given that overdependence on such resources could jeopardize programme implementation, the commissions' core mandates must be funded primarily through assessed resources.

The meeting rose at 11.30 a.m.